



State of Connecticut
SENATE
SENATOR DANTÉ BARTOLOMEO
Thirteenth District

Testimony in Support of Senate Bill 542
Commerce Committee Public Hearing
February 26, 2015

Chairwoman Hartley, Chairman Perone, and members of the Commerce Committee:

I appreciate the opportunity to testify in support of **Senate Bill 542**, An Act Concerning a Liaison for Minority Business Enterprises, Women's Business Enterprises and Diversity Business Enterprises.

I co-introduced this bill with Senator Mae Flexer after many conversations and roundtable meetings with minority and women business owners in my district. I have heard firsthand the challenges that these entrepreneurs experience trying to secure state contracts, most of which I believe can be remedied by the liaison position proposed in this legislation.

While researching this proposal, I discovered the Connecticut Disparity Study issued by the Connecticut Academy of Science and Engineering in accordance with Public Acts 12-1 and 12-104. Phases I and II of this study (completed in August 2013 and 2014, respectively) took a very critical look at our state's Small and Minority Business Enterprise Set-Aside Program and found there to be much room for improvement.

The purpose of Minority Business Enterprise (MBE) and Women Business Enterprise (WBE) programs is to reduce discrimination in state contracting and to encourage growth of these business subsets. Connecticut's Set-Aside Program dictates that 25 percent of contracting dollars go to small business enterprises (SBEs) and that 25 percent of those dollars (which translates to 6.25 percent of total dollars awarded) go to MBEs. However, it is important to note that the Disparity Study questions the effectiveness of the structure that we employ and encourages many future changes.

The study highlighted barriers to growth commonly faced by minority and women business enterprise owners when starting up or operating their businesses. These include state agencies' inconsistencies in managing and enforcing Set-Aside Program compliance rules and regulations;

small businesses' limited access to capital bonding, recordkeeping, strategic planning and marketing support; the difficulty of small businesses "getting their foot in the door" with their first successful bids for state contracts; and onerous paperwork, bonding and insurance requirements for state projects. A liaison dedicated to the MBE/WBE program could provide invaluable assistance to business owners facing these challenges.

The study found that due to a variety of application procedures, industry standards, and classification requirements, many companies do not know how to obtain state certification so they can bid on state projects or are not aware of what other advantages certification might bring. The study suggested that our current "processes and resources could be better streamlined so that companies that need support services can efficiently receive them."

The Disparity Study also suggested that the State consider including several "race-neutral" measures which I believe create a perfect structure for the duties of a liaison:

- Aid companies, through programs and technical assistance, in obtaining audited financial statements, bonding, computer skills, profit estimating, and cash flow timing to make payroll.
- Reduce paperwork needed to fulfill state contracting requirements.
- Facilitate networking and relationship building among prime contractors and subcontractors.
- Build capacity and awareness of the minority, women's, and small business enterprises programs through educational programs designed to explain the differences between the various certifications in Connecticut.
- Provide guidance and information through conferences, outreach, websites, and events on how to get involved in the state procurement process and how to develop bids and responses to RFPs.
- Offer educational programs on starting a business; the resources available to small and/or state-certified businesses; and on current business issues or topics.

And finally, the Disparity Study suggests that Connecticut adopt an organizational structure with a focal point for the MBE and WBE Program to serve as its primary advocate, advisor, overseer, policymaker, and educator. An administrator focused solely on the MBE and WBE Program is a key organizational component of the most successful programs around the country.

I believe it is very important that Connecticut make more of an effort to level the playing field and support minority and women business enterprises so they can enhance the overall growth of our economy. Therefore, I urge the committee to report favorably on Proposed Senate Bill 542, and I thank you for your time and consideration.